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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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Arizona Corporation Commission

SUSAN BITTER SMITH, Chairman

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AZ CORP COMM  
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TOM FORESE

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*MS*

IN THE MATTER OF THE APPLICATION OF  
ARIZONA WATER COMPANY, AN ARIZONA  
CORPORATION, TO EXTEND ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR ITS PINAL VALLEY  
SYSTEM, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-06-0059

**SECOND SUPPLEMENTATION OF  
REQUEST FOR ADDITIONAL TIME  
FOR COMPLIANCE FILING**

On December 5, 2006, the Commission entered Decision No. 69163 in this docket (the "Decision"). The Decision directed Arizona Water Company (the "Company"), the applicant in this docket, to file certain items as a compliance filing within certain time frames. The factual background/compliance timeline is as follows:

1. The Decision approved an extension of the Company's Certificate of Convenience and Necessity ("CCN") and required the Company to file copies of Certificates of Assured Water Supply ("CAWS"), Approvals to Construct ("ATC"), and Main Extension Agreements ("MXA") for the extension area within two years of the entry of the Decision.

2. On January 20, 2009, the Commission entered Decision No. 70689, which extended the deadline for the Company to comply with the Decision to December 5, 2010.

3. On April 7, 2011, the Commission entered Decision No. 72248, which extended the deadline for the Company to comply with the Decision to December 5, 2012.

4. On November 7, 2012, the Company filed in this docket a request for an extension of the current compliance deadline to December 5, 2014. This request included a letter from Traviano Partners, LLC, the owner of the property, which requested that the Commission extend the compliance deadlines in this matter. The request also cited to the fact that the Company was at that

1 time serving 620 customers in the area and that the Company had already substantially fulfilled the  
2 compliance items in the original order. On January 18, 2013, Mr. Robert Geake, former General  
3 Counsel for Arizona Water Company, filed a supplement to the November 7, 2012 request. This  
4 supplement included additional property owner letters. Unfortunately, Commission Staff never  
5 responded to the November 7, 2012 request or the January 18, 2013 supplement.

6 5. On June 14, 2013, the Company filed in this docket copies of the three required  
7 ATCs. The Company filed CAWS for parcels 1 and 3 on December 8, 2006, and February 12, 2007,  
8 respectively. The property owners of parcels 2, 4, and 5 have not yet obtained CAWS for their  
9 properties, nor have they yet requested MXAs from the Company.

10 The Company now submits this second supplementation of its request for an extension of the  
11 current compliance deadline to December 5, 2017. In support of its request, the Company  
12 respectfully represents as follows:

13 A. The deep recession and real estate crash over the past several years (essentially the  
14 entire time that the Decision has been in effect) are extraordinary circumstances which have not been  
15 seen since the Great Depression. The severe economic downturn that has battered the Arizona real  
16 estate market persists and continues to delay the development of residential and mixed-use  
17 development in Arizona, including Pinal County, and no one, including housing experts and  
18 economists, can say for sure when the real estate market will see a recovery of any significance.

19 B. The Commission Staff itself observed, in evaluating a developer's request for  
20 additional compliance time in another case (*See* Decision No. 71861, docketed September 1, 2010,  
21 Finding of Fact No. 14, page 3) that, "...the downturn in the economy has put a damper on much of  
22 the development in this state."

23 D. Exhibits 1-3 are recent, updated letters from three of the four property owners  
24 representing real property located in the expansion area. The letters document the property owners'  
25 continuing need and desire to obtain water service from the Company to be able to develop the

1 property. The property owners' letters confirm the owners' plans to develop the property in reliance  
2 upon water service it plans to obtain under the Company's CCN. The continued existence of that  
3 CCN and the Company's continuing authority to provide public utility water service will support the  
4 slowly improving development market that has experienced historic difficulty, as detailed above, and  
5 the withdrawal of the CCN would be detrimental to that recovery.

6 E. The remaining property owners of parcels 2, 4, and 5 will be unable to apply for a  
7 CAWS if the Company's CCN is deleted because the Arizona Department of Water Resources places  
8 a condition on any application for CAWS that it be located in a CCN or have an application for a  
9 CCN pending at the time of the CAWS application.

10 F. Also pursuant to a request from Commission Staff, please find attached as Exhibit 4  
11 a spreadsheet showing the compliance items the Company has completed, as well as those items  
12 that remain unfulfilled due to the economic downturn and slowdown in real property development  
13 in this State.

14 G. The Company will submit the final property owner letter once the property owner  
15 returns the letter to the Company.

#### 16 CONCLUSION

17 The Company believes, and therefore respectfully submits, that the foregoing provides  
18 sufficient support for its request for additional time and that it confirms that extraordinary  
19 circumstances exist and justify its request. Therefore, the Company respectfully renews its requests  
20 set forth in its November 7, 2012 filing and requests that the Commission enter an order:

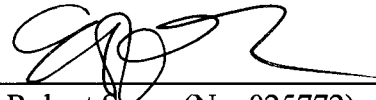
21 a. Extending the compliance deadline to December 5, 2017, under the Decision for the  
22 Company to file the remaining compliance items.

23 b. Providing any further relief that it deems appropriate under the circumstances of this  
24 case.

25 ...

1 RESPECTFULLY SUBMITTED this 30th day of October, 2015.

2 ARIZONA WATER COMPANY

3  
4 By:   
5 E. Robert Spear (No. 025772)  
6 General Counsel  
7 ARIZONA WATER COMPANY  
3805 North Black Canyon Highway  
Phoenix, AZ 85015  
Phone: 602-240-6860

8 Original and thirteen (13) copies of the foregoing filed this 30th day of October, 2015, with:

9 Docket Control Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
Phoenix, Arizona 85007

12 A copy of the foregoing was hand-delivered this 30th day of October, 2015, to:

13 Honorable Dwight D. Nodes  
14 Chief Administrative Law Judge  
15 Hearing Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Janice Alward  
20 Director  
21 Legal Division  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
24 Phoenix, Arizona 85007

25 Thomas M. Broderick  
Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007


By: 

Exhibit 1

**Lonesome Valley Farms Ltd. Partnership  
1800 W. Hwy 287  
Casa Grande, AZ 85194**

May 26, 2015

E. Robert Spear  
Arizona Water Company  
3805 N. Black Canyon Highway  
Phoenix, AZ 85015

Dear Mr. Spear:

We are following up with you regarding Pinal County Assessor's Parcel Number(s) 401-18-002A and 401-19-0010, which we own.

Although plans for development have been delayed by the severe recession that is still adversely affecting the Pinal County real estate market, we still need and desire to receive water service from Arizona Water Company to serve this property.

Our current plans include development within the earliest possible time, considering current market conditions, perhaps within the next twenty-four months. If market conditions improve, however, we hope to shorten this timeframe.

If you have any questions, please feel free to contact us.

Sincerely,

Lonesome Valley Farms Ltd. Partnership

By: Gail Robertson  
(sign)

Name: Gail Robertson  
(print name)

Its: Partner  
(print title)

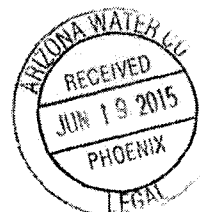


Exhibit 2

**Selma & Overfield LLC  
2320 N. Val Vista Drive  
Mesa, AZ 85213**

August 5, 2015

E. Robert Spear  
Arizona Water Company  
3805 N. Black Canyon Highway  
Phoenix, AZ 85015

Dear Mr. Spear:

We are following up with you regarding Pinal County Assessor's Parcel Number(s) 401-18-0030, which we own.

Although plans for development have been delayed by the severe recession that is still adversely affecting the Pinal County real estate market, we still need and desire to receive water service from Arizona Water Company to serve this property.

Our current plans include development within the earliest possible time, considering current market conditions, perhaps within the next twenty-four months. If market conditions improve, however, we hope to shorten this timeframe.

If you have any questions, please feel free to contact us.

Sincerely,

Selma & Overfield LLC

By: Brian Evans  
(sign)

Name: Brian Evans  
(print name)

Its: Manager  
(print title)

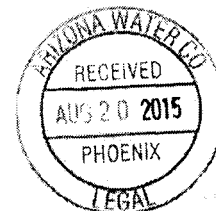


Exhibit 3

**Traviano Partners LLC  
12340 Saratoga Sunnyvale Rd., Suite 10  
Saratoga, CA 95070**

May 26, 2015

E. Robert Spear  
Arizona Water Company  
3805 N. Black Canyon Highway  
Phoenix, AZ 85015

Dear Mr. Spear:

We are following up with you regarding Pinal County Assessor's Parcel Number(s) 511-47-001G and 511-47-001A, which we own.

Although plans for development have been delayed by the severe recession that is still adversely affecting the Pinal County real estate market, we still need and desire to receive water service from Arizona Water Company to serve this property.

Our current plans include development within the earliest possible time, considering current market conditions, perhaps within the next twenty-four months. If market conditions improve, however, we hope to shorten this timeframe.

If you have any questions, please feel free to contact us.

Sincerely,

Traviano Partners LLC

By: [Signature]  
(sign)

Name: SLOBODAN GALEB  
(print name)

Its: Owner  
(print title)

